

Senators Corzine and Lautenberg to Introduce Medicare Prescription Drug Improvement Act to Fix Bill for New Jersey's Seniors

The Medicare prescription drug legislation that the President signed into law this week will likely harm more New Jersey seniors than it helps. When Congress reconvenes in January, Senators Corzine and Lautenberg will introduce legislation to preserve the prescription drug benefits that almost 500,000 New Jersey seniors currently receive.

New Jersey senior lose under the Medicare bill:

- The 220,000 New Jersey seniors who currently receive comprehensive prescription drug coverage through PAAD and Senior Gold will be forced to enroll in a Medicare private drug plan. While PAAD and Senior Gold may be able to provide coverage on top of what the Medicare plan offers, it is unlikely that these plans will be allowed to offer the generous benefits they do currently. Thus, seniors may face disruption during the transition to private plans and may not have coverage for some of the drugs they are prescribed.
- Under the bill, approximately 94,000 New Jersey seniors with employer-based prescription drug coverage will lose that coverage because retirees with employer coverage will receive less of a prescription drug subsidy than Medicare beneficiaries without such coverage, thus creating a disincentive to employers to continue to offer this coverage.
- The 152,000 seniors in New Jersey who currently receive drug coverage through the Medicaid program will be required to enroll in a Medicare private drug plan. Unlike the Medicaid program, which covers 100 percent of these low-income seniors' drug costs, the Medicare private drug plans will charge copayments that will rise annually and will only cover certain prescription drugs that are listed on the plans' formularies. Because the Medicare bill prohibits the Medicaid program from paying for prescription drugs that are not covered by Medicare, these low-income seniors will likely be left without any drug coverage for certain medications.

What will the Corzine-Lautenberg legislation do?

The Corzine-Lautenberg bill will remedy the above problems and make sure no senior is worse off.

First, it will reinstate the original Corzine-Lautenberg language that was passed in the Senate-approved Medicare bill to allow seniors in PAAD and Senior Gold to remain in those programs, rather than being forced to enroll in the Medicare prescription drug benefit where they will receive fewer benefits. In addition to allowing these seniors to retain these benefits and ensuring a seamless transition, this provision will also result in \$3 billion in federal funds flowing to New Jersey for such coverage over the next ten years. With these funds, New Jersey could strengthen these programs and expand them to 100,000 new seniors.

Secondly, it will ensure that seniors with employer-based prescription drug benefits are treated the same as all other Medicare beneficiaries. In other words, the Corzine-Lautenberg bill will ensure that employer contributions towards a retiree's drug spending are considered out-of-pocket expenses for the purposes of triggering the catastrophic drug coverage available under the bill. According to the Congressional Budget Office (CBO), this change is essential to preserve the retiree drug benefits that millions of seniors currently receive.

Lastly, the Corzine-Lautenberg bill will ensure that the Medicaid program can continue to provide the generous prescription drug benefits it provides now to very low-income seniors (seniors with incomes below the federal poverty level).